

A weekly update of energy prices and issues to help leaders assess energy trends throughout the year.

Media Excerpts: A snapshot of state and national energy issues*

Power company reps meet with public regarding proposed hydroelectric plant. Eager to inform the public of its intention to file license for a proposed hydroelectric power generating plant on the Bracken County side of the Captain Anthony Meldahl Dam, E.ON U.S. LLC, parent company of L.G. and E and Kentucky Utilities held two meetings and a walking tour of the site Thursday. Beginning in Batavia, Ohio, with a public meeting to satisfy informing Clermont County, Ohio, residents of the plan, the group of officials moved on to the Kentucky side of the Ohio River and a scenic drive to the site of the dam near Foster. Visitors were given a walking tour of the area that may be affected by the construction of an electric generating station at the site. The group then moved on to the Bracken County Public Library in Brooksville and another group of interested listeners. "We have to reach out to organizations and individuals to ascertain their feelings on the development of the Meldahl Dam site," said Roger D. Hickman, E.ON senior regulatory analyst, who said the Batavia meeting had attracted local representatives and people representing the Cherokee and Shawnee Indian tribes. ("Power company reps meet with public regarding proposed hydroelectric plant," *The Maysville News*, 6-29-06)

Search for new oil sources leads to processed coal. The coal in the ground in Illinois alone has more energy than all the oil in Saudi Arabia. The technology to turn that coal into fuel for cars, homes and factories is proven. And at current prices, that process could be at the vanguard of a big, new industry. Such promise has attracted entrepreneurs and government officials, including the Secretary of Energy, who want domestic substitutes for foreign oil. However, there is a big catch. Producing fuels from coal generates far more carbon dioxide, which contributes to [global warming](#), than producing vehicle fuel from oil or using ordinary natural gas. And the projects now moving forward have no incentive to capture carbon dioxide beyond the limited amount that they can sell for industrial use. ("Search for new oil sources leads to processed coal," *The New York Times*, 7-5-06)

Ethanol: Fueling debate. Is it our gasoline of the future, or just corn-pone hype? One thing is certain: It's coming - sooner than you may think. Recently, NBC's "Dateline" and CBS' "60 Minutes" touted Brazil's ethanol "miracle" as the model for America's solution to high gasoline prices. Some politicians sing ethanol's praises as the home-grown fuel that will lessen our dependence on foreign oil. And the U.S. agriculture industry is gearing up for a lucrative "gold rush" to distill corn into fuel. But ethanol has its detractors, among them some scientists, economists, politicians and even environmentalists. They say it's too costly to produce, it's far less efficient than gasoline, it pollutes, it will consume farm acreage needed for food production - and it will never meet more than a fraction of the nation's fuel needs. So is ethanol a boon or boondoggle? A little of both - and neither. Clearly, it's not the "magic bullet" TV anchors and gung-ho investors rave about. Nor is it a pie-in-the-sky folly that exists only because of federal subsidies. Ethanol could give consumers real choice and flexibility at the pump, and could give our nation a cushion in the likely event of a worldwide oil crisis. ("Ethanol: Fueling debate," *The Cincinnati Enquirer*, 7-2-06)

Ford CEO shifts focus to biofuels, less on hybrids. No. 2 U.S. automaker backs away from commitment made to build production capacity for 250,000 hybrid vehicles by end of decade. In a sharp shift of strategy, Ford plans to focus less on hybrid technology and more on a wider range of alternatives to traditional gasoline-powered engines, Ford Chief Executive Bill Ford told employees of the automaker. Ford ([Charts](#)) backed away from a commitment made last fall to build production capacity for 250,000 hybrid vehicles by the end of the decade, calling that goal "too narrow" in a company-wide e-mail message to the automaker's employees on July 5. Ford released the e-mail to media on July 6. ("Ford CEO shifts focus to biofuels, less on hybrids," *CNN Money*, 6-29-06)

Oil prices pull back from a record high. Crude oil prices slipped Thursday after hitting a record in the previous session on supply concerns prompted by interruptions in oil shipping and refining along the U.S. Gulf Coast, coupled with rising gasoline demand. Analysts said the oil market was correcting because Wednesday's jump was partly driven by investors reacting to North Korea's defiant test-firing of seven missiles. Traders said Pyongyang's tests added uncertainties about the global political situation to a market already jittery over issues affecting major oil producers such as Iran's standoff with the international community over its nuclear program and violence in Nigeria and Iraq. ("Oil prices pull back from a record high," *MSNBC*, 7-6-06)

Japan to require cars run on ethanol and gas. Japan plans to fight global warming and surging oil prices by requiring that all vehicles on the road be able to run on an environment-friendly mix of ethanol and regular gasoline by 2030, an official said Thursday. The new policy, adopted by the Environment Ministry this month, will require all new cars to be able to run on a blend of 10 percent ethanol, an alcohol fuel often made from corn or sugar, and 90 percent gasoline, starting in 2010, said Takeshi Sekiya, an official at the ministry's global warming division. Costs and implementation are still being studied. ("Japan to require cars run on ethanol and gas," *MSNBC*, 6-29-06)

These are media summaries. Please consult the source directly to ensure the accuracy of the information presented. Underlined titles are links to online articles in their entirety.



Kentucky Retail Fuel Prices (Dollars per gallon)

| Product | 07/05/06 | 06/28/06 | 06/21/06 | 06/14/06 | Year Ago |
|-----------------------|----------|----------|----------|----------|----------|
| Gasoline (State avg.) | 2.856 | 2.795 | 2.723 | 2.805 | 2.146 |
| Ashland | 2.887 | 2.820 | 2.784 | 2.885 | 2.246 |
| Covington | 2.895 | 2.833 | 2.834 | 2.905 | 2.210 |
| Lexington | 2.849 | 2.828 | 2.637 | 2.773 | 2.164 |
| Louisville | 2.963 | 2.916 | 2.773 | 2.896 | 2.176 |
| Owensboro | 2.750 | 2.696 | 2.643 | 2.698 | 2.027 |
| Diesel (State avg.) | 2.852 | 2.807 | 2.824 | 2.843 | 2.275 |
| Ashland | 2.852 | 2.797 | 2.821 | 2.843 | 2.291 |
| Covington | 2.851 | 2.812 | 2.851 | 2.857 | 2.249 |
| Lexington | 2.902 | 2.819 | 2.838 | 2.854 | 2.298 |
| Louisville | 2.880 | 2.807 | 2.810 | 2.845 | 2.275 |
| Owensboro | 2.801 | 2.820 | 2.841 | 2.830 | 2.273 |

Note: The record high average price for gasoline in Kentucky is \$3.049 and occurred on Sept. 3, 2005.

Source: Gasoline (unleaded regular) & Diesel: National AAA, <http://www.fuelgaugereport.com/KYavg.asp>

Wholesale Fuel Prices

| Spot Prices | 07/05/06 | 06/28/06 | 06/21/06 | 06/14/06 | Year Ago |
|---------------------------------|----------|----------|----------|----------|----------|
| Crude Oil (Dollars per barrel) | 75.19 | 72.19 | 70.70 | 69.14 | 59.60 |
| West Texas Intermediate, fob | | | | | |
| Natural Gas (Dollars per MMBtu) | 5.570 | 6.040 | 6.500 | 6.350 | 7.380 |
| Henry-Hub | | | | | |

Source: Oilenergy.com

| Futures | | July-06 | Aug-06 | Sept-06 |
|---------------------------------|----------|---------|--------|---------|
| Crude Oil (Dollars per barrel) | 07/05/06 | - | 75.19 | 76.16 |
| Light Sweet Crude Oil | 06/28/06 | - | 72.19 | 73.14 |
| | 06/21/06 | - | 70.33 | 71.03 |
| Natural Gas (Dollars per MMBtu) | 07/05/06 | - | 5.765 | 6.038 |
| Henry-Hub | 06/28/06 | - | 6.160 | 6.425 |
| | 06/21/06 | 6.588 | 6.798 | 7.018 |
| Propane (Cents per gallon) | 07/05/06 | - | 117.50 | 118.00 |
| | 06/28/06 | - | 113.50 | 113.75 |
| | 06/21/06 | 110.25 | 110.75 | 111.00 |
| Coal (Dollars per ton) | 06/30/06 | 47.75 | - | - |
| Central Appalachian | 06/23/06 | 48.25 | - | - |
| | 06/16/06 | 50.75 | - | - |

Source: [NYMEX closing price](#) and [EIA Coal Futures](#)

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